

**FACULTY OF ENGINEERING**

B. E. 3/4 (EE/Inst/ECE) II-Semester (Old) Examination, December 2009

Subject : **Managerial Economics and Accountancy**

Time : 3 Hours

Max. Marks: 75

**Note:** Answer all questions from Part-A. Answer any Five questions from Part-B.**Part – A (25 Marks)**

1. Explain the scope and nature of Managerial Economics. 3
2. What are the determinants of demand? 3
3. Explain Income elasticity of demand. 3
4. State the significance of Break Even Analysis. 3
5. Define Total cost, average cost and Marginal cost. 3
6. Explain discriminating monopoly. 2
7. Explain the concept of conservatism. 2
8. Define ledger? What is meant by sub-division of ledger? 2
9. What do you mean by IRR? 2
10. What is BRS? 2

**Part – B (5 x 10 = 50 Marks)**

11. Justify that managerial economics is economics applied in decision making?
12. Explain price-output determination under monopoly.
13. Write about internal and external economies of scale.
14. Explain the techniques of Capital Budgeting.
15. Prithvi Ltd is considering investing in a project requiring a capital outlay of Rs.2,00,000. Forecast for annual income after depreciation but before tax is as follows :

YEAR	Rs.
1	1,00,000
2	1,00,000
3	80,000
4	80,000
5	40,000

depreciation may be taken as 20% on original cost and taxation at 50% of net income. You are required to evaluate the project according to NPV method taking cost of capital as 10%.

16. From the following particulars find out the pass book balance of Arvind as at 31-Dec-2007.
- Overdraft balance of Rs.12,680 as per cash book on 31-Dec-2007
  - Interest on overdraft Rs.320 for six months ending with 31-Dec-2007 was entered in the passbook
  - The pass book debited Rs.60 towards bank charges for the same period.
  - Cheque issued for Rs.2,336 not presented for payment until 31-Dec-2007
  - Cheques deposited for Rs.4,340 were not realized upto 31-Dec-2007
  - Interest in Investments Rs.2,400 by the bank was credited in the pass book.

17. Enter the following transactions in proper subsidiary books and post them into ledger.

Jan-1-2007	Bought Goods from Sriram	8,000
Jan-4-2007	Sold Goods to Mahati	1,500
Jan-6-2007	Purchased goods from	800
Jan-8-2007	Bought of Mr.Shukla goods	900
Jan-10-2007	Returned goods to Sriram	1,000
Jan-12-2007	Received goods returned by Mahati	500
Jan-13-2007	We returned goods to Rakesh	500
Jan-15-2007	Sold goods to Sagar	1,000
Jan-16-2007	Sagar returned goods	500
Jan-19-2007	Sold goods to Keshav lal and co	1,000
Jan-20-2007	Bought of Mr.Gupta goods	100

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